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MAINE DEPARTMENT OF
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BUREAU OF EMPLOYMENT SECURITY
Division of Economic Analysis and Research

LABOR MARKET DIGEST

November 1988

The Labor Market Information Newsletter on Maine Economic Activity

Piece Rate or Salary for Woods Workers?

The traditional method of payment of wages to timber harvesting workers in Maine is by piece rate. Depending on the method of measurement, a cutting crew's paycheck depends on the number of trees, cords, or thousand board feet that they produce. Wages depend on production, and this system is incentive driven under the premise that worker motivation for more money will result in an increased amount of timber harvested.

There are, however, certain problems inherent in a piece rate payment system. The issue of "cutting chance" is probably most notable. Who works in the area with the best wood? A "hurry-up" production system can give rise to other problems such as safety, proper timber utilization, care of equipment, and care of the land resource.

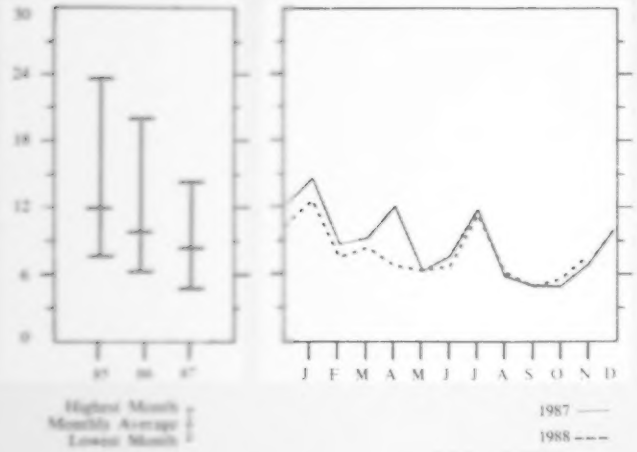
In April 1988, Scott Paper Company broke the tradition of piece rate payment for their wood harvesting workers. They established what is termed a protected 40-hour salary system. They simplified by combining about 40 wage rates to five wage levels. The goal of the change, according to Scott's Operations Manager - North, Jim Pinkerton, was to refocus the motivation of their timber harvesting workers and thereby improve overall efficiency in the woods.

Overall efficiency is expected to improve by instilling a team concept rather than an atmosphere of competition for the best cutting chance. For example, workers bringing the wood roadside will take the time to properly prepare the wood for the next step of the harvesting operation, whether the next step is delimbing or trucking. If workers bringing the wood roadside are not focusing solely on production but on the quality of their work and how the next operation can best be accommodated, then the potential for improved efficiency is created.

Continued on page 2

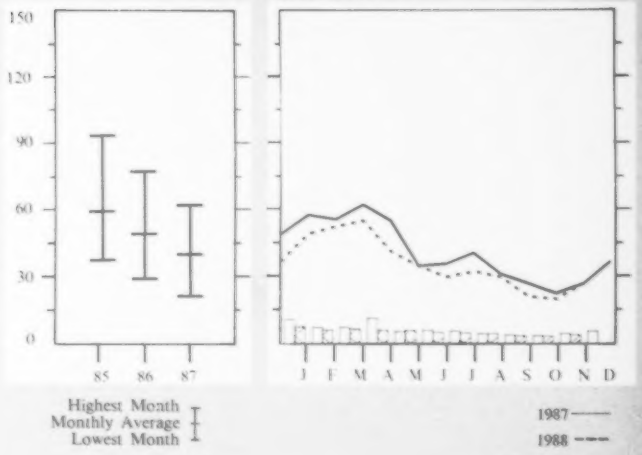
UI Initial Claims

in Thousands



UI Intrastate Weeks Claimed

in Thousands



Continued from page 1

This refocusing from a hurry-up production system leaves workers time to pay more attention to the land resource and otherwise unwise or unsafe timber-harvesting practices. The change also allows workers to focus on improving the harvesting system. Further, it allows people to take pride in their work and the quality of the products they put roadside. Worker compatibility is improved by ending the continuous concern about the equability of the assigning of good cutting chances and and the impact the cutting chance has on the worker's wages.

Scott personnel feel that there was a temporary drop in productivity from which they are now recovering to pre-change levels or better. At the same time utilization is better and management time once spent on urging better utilization and solving piece rate wage issues is now spent on more productive tasks. Workers take time to work up smaller wood that would be passed over in a piece rate operation, and utilization improved because of the increased recovery of sawlogs.

Workers driven to make dollars by increased production have been known to misuse their machinery, another expensive consequence of the piece rate system. Workers are also willing to train in new techniques and on new machinery since the loss in production during the training period does not affect their paychecks.

Scott Paper Company's salary payment system for timber harvesting workers breaks a strong tradition in the Maine woods of tying wages to production. The change creates an environment for teamwork with the potential for better utilization, better use of the land resource, better care of equipment, higher quality products for customers, and improved safety. Monitoring of the Scott experience with salary payment has important implications for the future of timber harvesting in Maine.

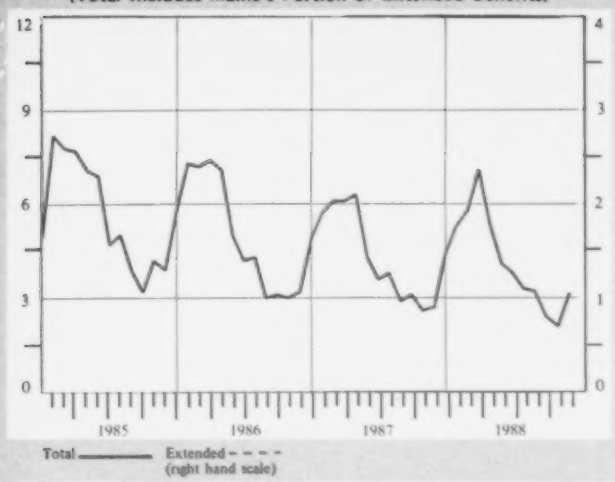
Prepared by Alan J. Cox, Senior Economic Research Analyst, Division of Economic Analysis & Research
Printed with permission of Rick Frost, Timberlands Manager, Scott Paper Company

Selected Employment Security Activities

UI Benefit Payments

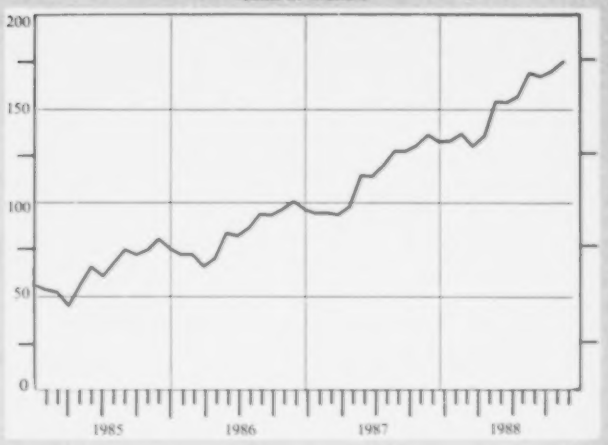
In Millions

(Total Includes Maine's Portion of Extended Benefits)



Unemployment Compensation Fund Balance in Millions

(End of Month)



Nonfarm Wage and Salary Employment by Place of Work

in Thousands

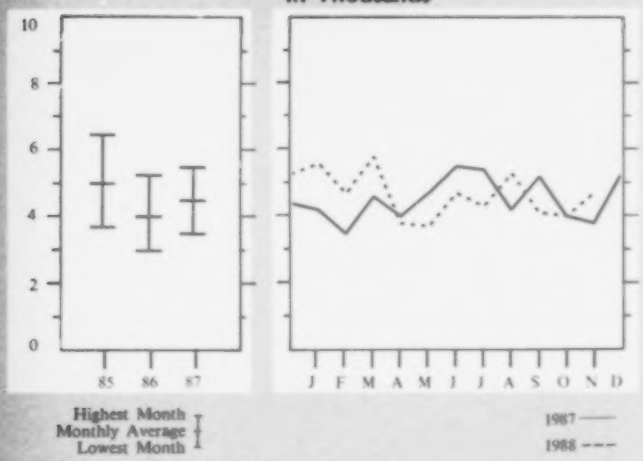
ITEM	STATEWIDE This Month	STATEWIDE Last Month	STATEWIDE Year Ago	PORTLAND MSA This Month	PORTLAND MSA Last Month	PORTLAND MSA Year Ago	LEWISTON-AUBURN MSA This Month	LEWISTON-AUBURN MSA Last Month	LEWISTON-AUBURN MSA Year Ago
Total Nonfarm Wage and Salary Employment 1/	533.8	533.1	515.1	131.6	130.8	127.0	41.5	41.6	40.0
Total Manufacturing	109.8	109.3	105.2	17.2	16.9	16.2	10.1	10.3	10.5
Durable Goods	53.4	52.9	49.4	8.6	8.4	7.8	2.9	2.9	2.9
Lumber and Wood Products	13.5	13.8	13.9	0.7	0.7	0.8	0.5	0.5	0.5
Primary and Fabricated Metals	3.7	3.7	3.5	0.5	0.6	0.5	0.8	0.8	0.8
Industrial Machinery and Equipment	4.9	4.9	4.5	2.2	2.2	2.3	0.3	0.3	0.3
Electronic and Other Electric Equipment	12.1	12.1	10.9	3.6	3.6	3.3	0.8	0.8	0.8
Transportation Equipment 2/	13.7	13.3	11.3	(d)	(d)	(d)	0.2	0.2	0.2
Other Durable Goods 3/	5.5	5.1	5.3	1.6	1.3	0.9	0.3	0.3	0.5
Nondurable Goods	56.4	56.4	55.8	8.6	8.5	8.4	7.2	7.4	7.6
Food and Kindred Products	7.5	7.5	7.2	1.9	1.9	2.0	0.8	0.8	0.9
Textile Mill Products	6.2	6.2	6.8	(d)	(d)	(d)	1.1	1.1	1.3
Apparel and Other Textile Products	3.1	3.1	3.2	0.2	0.2	0.2	0.1	0.1	0.1
Paper and Allied Products	17.4	17.2	16.6	(d)	(d)	(d)	0.5	0.5	0.6
Printing and Publishing	5.5	5.5	5.3	1.7	1.7	1.5	0.7	0.7	0.7
Rubber and Misc. Plastic Products	3.6	3.7	3.6	0.2	0.3	0.2	1.8	1.8	1.7
Leather and Leather Products	11.9	11.9	11.9	1.4	1.4	1.6	2.2	2.3	2.2
Footwear (except Rubber)	10.0	10.0	10.0	n/a	n/a	n/a	1.9	1.9	1.8
Other Nondurable Goods 4/	1.2	1.3	1.2	3.2	3.0	2.9	*	0.1	0.1
Total Nonmanufacturing	424.0	423.8	409.9	114.4	113.9	110.8	31.4	31.3	29.5
Construction and Mining	36.2	37.0	32.7	9.4	9.8	9.8	2.4	2.4	2.3
Building Construction	12.6	12.8	12.6	2.8	2.9	2.6	0.6	0.6	0.5
Special Trades Contractor	16.8	17.0	14.7	5.0	5.1	4.6	1.6	1.6	1.7
Transportation and Public Utilities	21.5	21.7	20.6	5.5	5.6	6.0	1.4	1.4	1.4
Wholesale Trade	25.3	25.3	24.5	10.2	10.2	9.7	2.1	2.1	2.1
Retail Trade	106.4	105.9	104.3	29.7	28.8	27.5	8.6	8.5	7.7
Food Stores	19.7	19.5	19.0	4.7	4.6	4.1	1.4	1.4	1.3
Eating and Drinking Places	31.4	33.1	29.6	8.1	8.2	7.7	2.4	2.5	2.2
Finance, Insurance and Real Estate	25.4	25.6	24.9	12.6	12.7	12.6	2.3	2.4	2.2
Banking	9.2	9.1	8.6	3.2	3.3	2.8	0.8	0.9	0.8
Insurance Carriers, Brokers and Agents	10.1	10.1	10.2	6.3	6.2	5.6	0.7	0.7	0.6
Services	112.5	114.3	109.1	30.3	30.5	29.0	10.5	10.4	10.0
Hotels and Other Lodging Places	7.2	9.4	6.8	1.4	1.9	1.5	0.2	0.3	0.2
Business Services	12.2	12.2	11.7	5.3	5.3	4.9	1.0	1.0	0.9
Health Services	42.7	42.3	41.5	10.4	10.4	10.1	4.3	4.2	4.1
Federal Government	18.9	18.7	18.8	2.1	2.0	1.9	0.3	0.3	0.3
State and Local Government 5/	77.8	75.3	75.0	14.6	14.3	14.3	3.8	3.8	3.5
Involved in Labor-Management Disputes	0.0	0.0	1.2	0.0	0.0	0.0	0.0	0.0	0.0

1/ Employment figures relate to full- and part-time wage and salary workers in pay periods including the 12th of the month. Domestic workers in private households, proprietors, self-employed, and unpaid family workers are excluded. 2/ Transportation equipment and instruments are combined in the Lewiston series. 3/ Includes Standard Industrial Classification (SIC) codes: Statewide - 25, 32, 38, 39; Portland - 25, 32, 37, 38, 39; Lewiston - 25, 32, 39. 4/ Includes SIC codes: Statewide - 28, 29; Portland - 22, 26, 28, 29; Lewiston - 28, 29. 5/ Regular teachers are included in summer months whether or not specifically paid in those months. n/a - data not available in sufficient detail for publication. *Less than 50. (d) Nondisclosure item.

THESE DATA ARE DEVELOPED BY THE MAINE BUREAU OF EMPLOYMENT SECURITY IN COOPERATION WITH THE U.S. BUREAU OF LABOR STATISTICS.

New Applications For Work

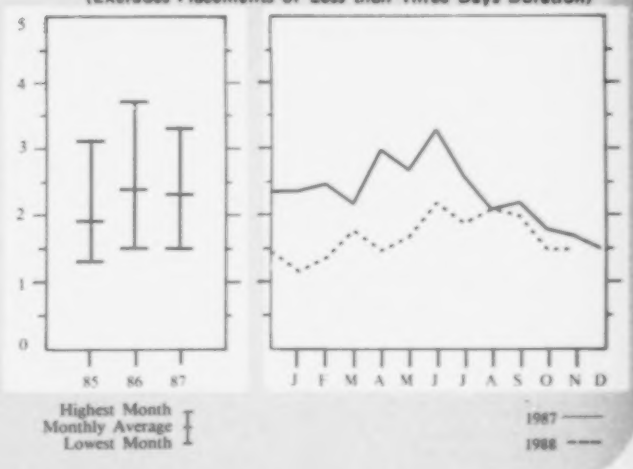
in Thousands



Nonfarm Placements

in Thousands

(Excludes Placements of Less than Three Days Duration)



Earnings and Workweek of Production Workers in Manufacturing Industries

AREA AND INDUSTRY	AVERAGE WEEKLY EARNINGS			AVERAGE WEEKLY HOURS			AVERAGE HOURLY EARNINGS			ANNUAL AVERAGE HOURLY EARNINGS		
	This Month	Last Month	Year Ago	This Month	Last Month	Year Ago	This Month	Last Month	Year Ago	1987	1986	1985
STATEWIDE												
Manufacturing	$372.93	$370.36	$370.82	40.1	40.3	41.9	$9.30	$9.19	$8.85	$8.77	$8.65	$8.40
Durable Goods	351.20	350.95	360.72	40.0	40.2	43.2	8.78	8.73	8.35	8.32	8.52	8.46
Lumber and Wood Products	363.69	363.60	342.77	40.5	40.4	42.9	8.98	9.00	7.99	7.82	7.74	8.06
Primary and Fabricated Metals	376.98	402.45	401.39	42.5	46.1	45.1	8.87	8.73	8.90	8.94	8.58	8.25
Industrial Machinery and Equipment	437.93	442.04	417.23	51.1	51.7	45.4	8.57	8.55	9.19	9.20	9.62	9.11
Electronic and Other Electric Equipment	316.48	307.82	329.21	35.4	35.3	41.1	8.94	8.72	8.01	8.03	7.94	7.57
Other Durable Goods	341.02	336.80	377.94	39.7	39.3	44.1	8.59	8.57	8.57	8.60	9.41	9.50
Nondurable Goods	393.96	389.46	379.73	40.2	40.4	40.7	9.80	9.64	9.33	9.18	8.76	8.31
Food and Kindred Products	280.82	284.53	259.78	38.0	39.3	35.2	7.39	7.24	7.38	7.16	7.00	6.63
Textile Mill Products	330.01	323.95	296.51	41.2	41.8	39.8	8.01	7.75	7.45	7.35	7.04	6.64
Apparel and Other Textile Products	270.27	263.34	239.00	39.0	38.0	40.1	6.93	6.93	5.96	5.92	5.73	5.83
Paper and Allied Products	630.00	626.40	637.49	45.0	45.0	46.6	14.00	13.92	13.68	13.43	12.70	12.25
Leather and Leather Products	250.36	254.98	236.74	37.2	38.0	37.4	6.73	6.71	6.33	6.34	6.05	5.93
Other Nondurable Goods	325.22	314.28	328.80	36.5	36.0	40.0	8.91	8.73	8.22	8.28	8.00	7.51
PORTLAND MSA												
Manufacturing	402.68	401.82	389.23	41.3	41.9	43.2	9.75	9.59	9.01	9.13	9.17	8.90
LEWISTON-AUBURN MSA												
Manufacturing	318.45	326.27	300.80	38.6	39.5	40.0	8.25	8.26	7.52	7.40	7.19	6.78

Female Labor Force in Maine

in Thousands

ITEM	This Month 1/	Last Month 1/	Year Ago 2/
Labor Force	271.8	268.6	262.6
Unemployed	9.0	7.5	10.0
(Percent)	3.3%	2.8%	3.8%
Resident Employed	262.8	261.1	252.6

U.S. Consumer Price Index

BASE PERIOD	This Month	Last Month	Year Ago	Last Dec
(1982-1984 = 100) All Items (CPI-U)	120.3	120.2	115.4	115.4

Percent Change for Past Month	+0.1%
Percent Change from Last December	+4.2%
Percent Change from 12 Months Ago	+4.2%

1/ Preliminary estimates 2/ Revised

Labor Force, Employment and Unemployment

in Thousands

AREA 1/	LABOR FORCE 2/			RESIDENT EMPLOYED			UNEMPLOYMENT Number			UNEMPLOYMENT Percent of Labor Force		
	This Month	Last Month	Year Ago	This Month	Last Month	Year Ago	This Month	Last Month	Year Ago	This Month	Last Month	Year Ago
MAINE-Statewide	605.9	603.0	591.2	588.1	588.9	570.8	17.8	14.1	20.3	2.9	2.3	3.4
MAJOR LABOR MARKETS												
Bangor MSA	44,000	43,600	43,800	43,000	42,600	42,600	1,000	1,000	1,200	2.3	2.3	2.7
Lewiston-Auburn MSA	42,500	42,200	41,700	41,000	40,900	40,000	1,500	1,300	1,700	3.5	3.1	4.1
Portland MSA	130,800	128,700	127,600	128,600	127,000	125,300	2,200	1,700	2,300	1.7	1.3	1.8
Portsmouth-Dover-Rochester MSA 3/	n/a	137,700	132,600	n/a	135,600	130,300	n/a	2,100	2,300	n/a	1.5	1.7
OTHER LABOR MARKETS												
Augusta	34,580	34,270	33,460	33,830	33,580	32,360	750	690	1,100	2.2	2.0	3.3
Bath-Brunswick	29,480	29,750	28,100	29,010	29,350	27,290	470	400	810	1.6	1.3	2.9
Belfast	11,500	11,620	11,370	10,810	11,070	10,810	690	550	560	6.0	4.7	4.9
Biddeford	27,640	27,730	26,100	27,100	27,230	25,500	540	500	600	2.0	1.8	2.3
Boothbay Harbor-Wiscasset	14,660	15,540	13,760	14,180	15,290	13,250	480	250	510	3.3	1.6	3.7
Calais-Eastport	14,730	14,180	14,370	13,780	13,350	13,360	950	830	1,010	6.4	5.9	7.0
Caribou-Presque Isle	21,770	21,710	21,410	20,540	20,730	19,820	1,230	980	1,590	5.7	4.5	7.4
Central Penobscot	2,980	2,910	2,780	2,900	2,820	2,660	80	90	120	2.7	3.1	4.3
Dover-Foxcroft	6,920	6,680	6,920	6,660	6,510	6,620	260	170	300	3.8	2.5	4.3
Ellsworth	22,970	23,820	22,380	22,000	23,350	21,080	970	470	1,300	4.2	2.0	5.8
Farmington	12,720	12,550	12,450	12,350	12,180	11,870	370	370	580	2.9	2.9	4.7
Fort Kent-Allagash	5,350	5,430	5,400	5,100	5,230	5,090	250	200	310	4.7	3.7	5.7
Greenville	1,450	1,490	1,470	1,410	1,460	1,400	40	30	70	2.8	2.0	4.8
Houlton	6,060	5,940	6,180	5,850	5,800	5,820	210	140	360	3.5	2.4	5.8
Kittery-York 3/	30,700	30,780	29,670	30,430	30,560	29,350	270	220	320	0.9	0.7	1.1
Lincoln-Howland	5,450	5,490	5,490	5,140	5,280	5,280	310	210	210	5.7	3.8	3.8
Livermore Falls	4,160	4,310	4,580	4,030	4,180	4,240	130	130	340	3.1	3.0	7.4
Madawaska-Van Buren	3,810	3,960	3,710	3,540	3,730	3,440	270	230	270	7.1	5.8	7.3
Millinocket-East Millinocket	3,850	3,790	4,070	3,680	3,640	3,900	170	150	170	4.4	4.0	4.2
Norway-Paris	12,250	12,170	12,210	11,840	11,930	11,820	410	240	390	3.3	2.0	3.2
Patten-Island Falls	2,460	2,390	2,300	2,320	2,290	2,180	140	100	120	5.7	4.2	5.2
Rockland	19,030	18,900	18,330	18,320	18,610	17,840	710	290	490	3.7	1.5	2.7
Rumford	8,520	8,280	8,340	8,030	7,890	8,020	490	390	320	5.8	4.7	3.8
Sanford	16,950	16,920	15,880	16,490	16,420	15,420	460	500	460	2.7	3.0	2.9
Sebago Lakes Region	11,310	11,790	10,980	11,060	11,580	10,690	250	210	290	2.2	1.8	2.6
Skowhegan	22,620	22,300	22,090	21,610	21,520	20,980	1,010	780	1,110	4.5	3.5	5.0
Southwest Penobscot	10,550	10,370	10,370	10,050	10,010	9,750	500	360	620	4.7	3.5	6.0
Waterville	24,150	23,570	24,010	23,410	22,860	23,180	740	710	830	3.1	3.0	3.5
OTHER NEW ENGLAND STATES												
Connecticut	n/a	1,791.1	1,778.1	n/a	1,737.4	1,726.0	n/a	53.7	52.1	n/a	3.0	2.9
Massachusetts	3,146.0	3,149.0	3,096.6	3,035.0	3,060.0	3,024.4	111.0	89.0	72.2	3.5	2.8	2.3
New Hampshire	n/a	611.2	594.8	n/a	597.1	581.7	n/a	14.1	13.1	n/a	2.3	2.2
Rhode Island	534.4	527.9	526.1	519.8	514.5	509.8	14.6	13.4	16.3	2.7	2.5	3.1
Vermont	304.1	305.1	299.6	295.3	298.0	289.6	8.8	7.1	10.0	2.9	2.3	3.3
NEW ENGLAND STATES	n/a	6,987.3	6,886.3	n/a	6,795.9	6,702.3	n/a	191.4	184.0	n/a	2.7	2.7
UNITED STATES 4/	122,639	122,432	120,611	116,314	116,250	113,809	6,325	6,182	6,802	5.2	5.0	5.6

MSA Metropolitan Statistical Area

Note

n/a indicates that the information was not available at the time of printing.
Employment and unemployment may not add to labor force due to rounding.

Footnotes

1/ Labor force, employment, and unemployment data for all areas not seasonally adjusted. Estimates made independently for each labor market area have been benchmarked to and extrapolated from the Current Population Survey estimates for the state. All data adjusted to place of residence basis. Excludes members of the Armed Forces.

2/ Current and last month figures preliminary, year ago figures revised.

3/ Kittery-York is the eight-town Maine portion of the Portsmouth-Dover-Rochester MSA which includes towns in both Maine and New Hampshire.

4/ National estimates based on a sample of household units; state estimates based on enlargements of employment figures reported.

THESE DATA ARE DEVELOPED BY THE MAINE BUREAU OF EMPLOYMENT SECURITY IN COOPERATION WITH THE U.S. BUREAU OF LABOR STATISTICS.

Mid-Month Insured Unemployment (Less Partials)

ITEM	STATEWIDE			PORTLAND MSA			LEWISTON-AUBURN MSA		
	This Month	Last Month	Year Ago	This Month	Last Month	Year Ago	This Month	Last Month	Year Ago
Number of Continued-Week Claimants	4,884	3,839	4,800	544	449	490	430	366	429
Insured Unemployment Rate *	1.0	0.8	1.0	0.5	0.4	0.4	1.1	1.0	1.2

* Should not be confused with insured unemployment rates as defined in the Employment Security Law.

MAINE FARM FACTS

Recently released data for Maine from the 1987 *Census of Agriculture* show that:

- In 1987 Maine had 6,269 farms, a 10.5 percent decline from the 1982 total of 7,003.
- Between 1982 and 1987 only farms with 1 to 9 acres increased in number, from 379 to 419, representing a gain of 10.6 percent.
- Of all Maine farms, 2,621 had annual product sales of $10,000 or more, an 8.7 percent decline from the 1982 number of 2,871 farms with sales over $10,000.
- There were 1,342,588 acres of land in farms compared to 1,468,674 acres in farms in 1982.
- Sales of agricultural products totaled 425.9 million dollars in 1987, compared with 399.4 million dollars of sales in 1982.
- Sales averaged $67,932 per farm in 1987 compared with an average of $57,034 in 1982.
- Operators of farms whose principal occupation is farming have shown a decline with each census taken since 1974, accounting for a 22 percent decrease from 1974 to 1987.
- From 1974 to 1987, farm operators who worked more than 200 days off the farm increased 42.7 percent.
- The average age of farm operators increased from 49.8 years in 1982 to 51.7 years in 1987.
- The average value of a Maine farm increased from $150,487 in 1982 to $210,777 in 1987, representing an increase of 40.1 percent.

The Bureau of Employment Security is affiliated with the U.S. Employment and Training Administration and is a Federal-State Statistical Program Cooperative Representative of the U.S. Bureau of Labor Statistics.

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BUREAU OF EMPLOYMENT SECURITY
Division of Economic Analysis and Research

U.S. MAIL

POSTAGE AND FEES PAID
EMPLOYMENT SECURITY
LAB 449

November 1988

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BETHESDA, MARYLAND 20814

MAINE JOB SERVICE

"For Qualified Workers Contact Your Local Bureau of Employment Security Job Service Office"

Labor Market Information Services

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